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Hudson Buys 49 MW Of Power Assets In Upstate NY

Hudson Clean Energy Partners is buying three hydroelectric stations and a soon-to-be biomass plant from **Alliance Energy Group**.

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ENEL PUTS U.S. WIND UNIT ON THE BLOCK

Enel North America is scouting buyers for one of its U.S. wind units, **TradeWind Energy**. The Italian utility is looking to wrap the deal by the summer and has tapped **Morgan Stanley** to run the sale, say bankers.

Enel is not looking to divest its entire wind unit, which includes **Padoma Wind Power**, a banker says. Enel acquired Padoma from **NRG Energy** earlier this year (PFR, 1/22). The rationale for the sale of TradeWind could not be determined.

TradeWind has a 1.2 GW pipeline in the Midwest that includes the 200 MW Caney River project in Howard, Kan., two 300 MW projects in Missouri and



(continued on page 8)

ARCLIGHT RE-IGNITES GAS SALE

ArcLight Capital Partners is shopping its **Mountaineer Gas Co.** again. The buyout shop worked with **UBS Securities** to sell Mountaineer before the financial markets crashed (PFR, 8/28/08). When the auction was officially shelved could not be learned.

ArcLight is gauging buyer interest in the West Virginia natural gas distribution company before deciding whether to move ahead with a sale, according to a teaser released earlier this month. UBS is again running the sale.

Mountaineer serves 226,000 customers and operates about 4,900 miles of natural gas pipeline. **Allegheny Energy** sold the company to ArcLight and IGS in 2005 for \$130 million, plus the assumption of \$87 million in debt. Mountaineer Gas is co-owned by **IGS Utilities**.

Jim Metcalfe, global head of power & utilities at UBS, **Greg Hazelton**, executive director

(continued on page 8)

Q1 Generation Sales Data

SALES LAUNCHES CREEP UP

The first quarter saw an uptick in sellers putting generation on the block versus last year. But slightly fewer deals were wrapped, according to exclusive numbers from **PFR's** Generation Sale Database. Some 21 assets were put up for grabs in the first quarter, against 17 in Q1 2009 in the U.S. and Canada. Ten deals were closed against 13 in the same time periods, respectively.

More sale processes being launched suggest buyers are resurfacing. "Investor interest is leading to more M&A activity as revenue and cost synergies from combinations increase growth," says **Parker Weil**, co-head of energy and power at **Bank of America** in New York.

Given slack power demand and lower power prices, buyers are mostly targeting assets with

(continued on page 8)

Check www.iipower.com during the week for breaking news and updates.



At Press Time

Hudson To Pocket N.Y. Hydro, Biomass Portfolio

Hudson Clean Energy Partners is buying a portfolio of renewable assets from Alliance Energy Group. The private equity shop is buying three hydro facilities totaling 24 MW and a natural gas peaker that is being converted to a 25 MW wood-fired biomass plant, according to filings with the U.S. Federal Energy Regulatory Commission last Wednesday.

The transaction is expected to close pending regulatory approval, which the firms are requesting by early June. How much Hudson is paying or whether either company is using an advisor could not be immediately learned.

Power from the facilities will be sold wholesale into the NY-ISO, according to the filing. The portfolio includes:

- 4 MW Mongaup hydroelectric station in Forestburgh, N.Y.
- 12 MW Swinging Bridge hydroelectric station in Forestburgh, N.Y.
- 10 MW Rio hydroelectric station in Glen Spey, N.Y.
- 25 MW Ogdensburg gas peaker.

AEG bought the hydro facilities as part of a \$5.1 million package from **Mirant NY-Gen** in 2007 (PFR, 5/25/07).

Calls to **Larry Henry**, director of investor relations at Hudson in Teaneck, N.J., and **Samuel Nappi**, chairman at AEG in Forestburgh, N.Y., were not returned before press time.

Solar Co. Wraps Funding

Solar Power Partners has wrapped \$115 million in financing to fund commercial solar projects across the U.S. of 5 MW or less. Financing is expandable up to \$215 million, allowing additional projects to be added to the existing project pipeline.

U.S. Bank is supplying debt and tax equity, and WestLB is also providing debt, says **Phil Henson**, cfo, in Mill Valley, Calif., declining to specify the length and terms of the deal. One banker says debt pricing is about 325 basis points over LIBOR.

Solar Power's panels sit atop schools and municipal buildings from Connecticut to its Northern California headquarters. The financing will be used for a combination of commercial and utility-scale projects, Henson says.

Tell Us What You Think!

Do you have questions, comments or criticisms about a story that appeared in *PFR*? Should we be covering more or less of a given area? The staff of *PFR* is committed as ever to evolving with the markets and we welcome your feedback. Feel free to contact **Jeanine Prezioso**, managing editor, at 212-224-3226 or jprezioso@iineews.com.

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**Institutional
Investor NEWS**
INTELLIGENCE FIRST

Weak Power Prices Widen Credit Default Insurance

Decreasing demand for electricity and lower power prices prompted credit default swap spreads for utilities to widen 18% last quarter, representing the largest increase of any sector, according to a report by **Fitch Solutions**. Credit default swaps are derivatives that payout to holders when the underlying debt referenced suffers a defined credit event.

Spreads on **Dominion Resources** and **American Electric Power** widened by 36% and 23%, respectively, though both companies continue to trade tighter than their ratings might indicate. Dominion is rated BBB+, yet priced at AA last quarter; American Electric rated BBB and priced at AA. Increased utility liquidity indicates the widening spreads are more a function of a market correction.

During the credit crisis, utilities outperformed much of the market, but as the economy improved, credit markets appeared to re-price default risk for the sector. "It's not really a surprise," says **Diana Allmendinger**, director of research at Fitch, who wrote the report. "Utilities were seen as a safe harbor at a time of crisis. Now, spreads are catching up."

Infigen Shelves U.S. Auction

Infigen Energy has decided to halt the sale of its 1.1 GW U.S. wind portfolio, citing low gas prices, legislative uncertainty and bargain-hunting investors. The Sydney, Australia-based developer will hold onto its U.S. division while continuing to push its wind strategy in its native country.

"[Infigen Energy] does not need, and is not prepared, to sell into a market reflecting such conditions," **Miles George**, managing director in Sydney, says in a release. Infigen does not expect to expand its U.S. operations, it adds in the release. The 18-farm portfolio is located in California, Colorado, Illinois, New Jersey, New Mexico, Oklahoma, Oregon, Pennsylvania and Texas.

Calls to **Rosalie Duff**, director of investor relations in Sydney, and subsidiary **Bluarc Management Group** officials in Dallas, Texas, were not returned.

The **Babcock & Brown Wind Partners** spin-off garnered strong indicative bids from utilities, infrastructure funds and private equity shops in November but received lower final bids as power prices slumped to a historic low, according to the release. **Energy Capital Partners**, **Pattern Energy**, **AES** and **Morgan Stanley Infrastructure Partners** were reportedly in the running (PFR, 1/29).

Bankers questioned the future of the auction earlier this year when the chatter surrounding the process quieted (PFR, 3/5). Calls to officials at advisors at **UBS** and **Marathon Capital**, which were running the sale, were not returned.

Panda Drafts Con Ed For Solar Push

Consolidated Edison Development will assist **Panda Energy** with the financing of two 15-20 MW photovoltaic projects and oversee the management once the projects are online, says **Bill Pentak**, director of corporate communications and investor relations at Panda in Dallas, Texas.

"We liken it to drafting **Ndamukong Suh**—he's big and fast and that's how we see Con Ed," he says, comparing bringing Con Ed on board to landing the Nebraska defensive tackle in the **National Football League** draft. **Panda Solar Ventures** has been developing these projects for a couple of years and hopes that the weight of bringing Con Edison Development on board will speed the process, Pentak notes, declining to elaborate on the projects' timelines or locations.

The unnamed joint venture will own the two projects upon completion and will consider developing more of Panda's existing development stage solar projects. Panda is scouting other solar opportunities around the country to develop on its own, Pentak says.

Con Edison Development and Panda Solar Ventures expect to solidify details about financing and power purchase agreements in the coming weeks, says a spokesman at parent Consolidated Edison in New York. He also declined to elaborate the projects' locations, offtakers or how they will be financed.

Ruby Debt Deal Tipped For June Close

Syndication on the debt for **El Paso's \$3 billion Ruby Express Pipeline** is expected to close within six weeks—three months later than some lenders initially anticipated.

The large nature and scope of the project caused the delay—not financing. "It's a very heavy documentation process," says a banker working on the deal. The \$1.6 billion debt deal was almost doubly over-subscribed, says **Joe Lattanzi**, team leader, project financing, at **Scotia Capital**, in Houston, which is a lender. The deal was strongly structured, priced appropriately and had an attractive risk-profile versus pricing, Lattanzi says of the deal's popularity.

Ticket sizes are being scaled down rather than increasing the size of the loan, another banker says. El Paso worked with relationship banks to syndicate the debt, and roughly 20 banks took pieces of the loan. Pricing is 250 basis points over LIBOR, or 375 bps over the course of a seven-year mini-perm. The remaining costs will be funded with equity and a \$550-700 million stake taken by **Global Equity Infrastructure Partners** (PFR, 2/12).

Credit Suisse is advising El Paso on the loan. **Banco Santander**, **Bank of Montreal**, **Calyon**, **Scotia Capital**, **Société**

Générale, Royal Bank of Scotland and UniCredit took \$187.5 million tickets. Bank officials either declined to comment or did not return calls.

An El Paso spokesman says the deal is on schedule and the company anticipates the financing will close soon.

Utilities Want Clarity On Financial Bill

Commercial end users of swaps such as utilities want to make sure the definitions of swaps dealer and major swaps participants in U.S. Senator **Christopher Dodd's** (D-Conn.) financial reform bill are tight enough to exempt them, says **Richard McMahon**, executive director of finance and energy supply for the **Edison Electric Institute** in Washington, D.C.

Not having an exemption would mean utilities would have to meet margin requirements and post cash collateral, something they are not prepared to do. "It would raise rates to customers to post margin at all, we can use liens as collateral," he says. "We don't need to see regulation that would tie up a bunch of cash."

One way utilities use swaps is to lock-in a price and hedge against sharp increases in power prices. Such swaps can be done with a bank or power producer.

First Solar To Develop, Sell NextLight Pipeline

First Solar is acquiring **NextLight Renewable Power** from **Energy Capital Partners** to develop—and flip—its projects. The \$285 million all-cash deal is part of its strategy to acquire developers in order to move its panels into the field.

Once the acquisition is complete next quarter, First Solar will develop the 1.1 GW pipeline and aim to sell either completed or construction-ready projects to utilities or independent power producers, says **Alan Bernheimer**, spokesman in Tempe, Ariz. The company is not planning to own operational solar facilities. It sold a construction ready project to a joint venture between **Southern Co.** and **Ted Turner** earlier this year (PFR, 3/15).

NextLight has eight projects in late stage development, with 620 MW contracted. The pipeline could cost \$5 billion to build. The 150 MW Boulder City project in Boulder City, Nev., is expected to break ground this year. Projects with offtakers include the 50 MW Silver State near Primm, Nev., the 230 MW AV Solar Ranch 1 project in Los Angeles County, Calif., and 290 MW Agua Caliente solar project in southwestern Arizona.

The company purchased the solar pipelines of **Edison Mission Group** earlier this year and **OptiSolar** in 2009. First Solar is

always looking for potential acquisitions, Bernheimer says, declining to elaborate on other targets.

The acquisition needs approval from the **California Public Utilities Commission** because of existing power purchase agreements for two of NextLight's projects. **Credit Suisse** advised ECP on the sale (PFR, 3/16). Bernheimer declined to name First Solar's advisor. Calls to a NextLight spokesman and a Credit Suisse official were not returned.

Harbinger Re-Ignites BC Plant Sale

Harbinger Capital Partners has re-launched the sale of its 270 MW natural gas plant in Vancouver. UBS, the original auctioneer, is running the process for the Island cogeneration plant on Vancouver Island, says a deal watcher.

Harbinger looked to sell its subsidiary **Kelson Canada** in 2008 (PFR, 5/2/08). Kelson Canada owns Island cogen, which has an offtake agreement with **BC Hydro**, and the 120 MW King City facility in King City, Calif. Whether the King City facility is also up for sale could not be immediately learned.

Calls to UBS and Harbinger officials in New York were not returned.

Vulcan Signs PPA With Sacramento Utility

Geothermal energy company **Vulcan Energy** has landed a 21-year PPA from **Sacramento Municipal Utilities District**. The utility will buy up to 132 MW from its Patua geothermal project to be built in Reno, Nev.

The developer began a hunt last week to raise \$100 million in equity. **Citigroup** is leading the effort for the Bend, Ore.-based developer (PFR, 4/23). Vulcan is in late-stage development of the first 60 MW phase of Patua.

Bob Warburton, ceo of Vulcan, was unavailable for comment by press time.

WestLB Staffer To Return

Chris Kirkman is rejoining WestLB in the syndications group sometime next month, and will report to **Tom Murray**, managing director and global head of energy, in New York.

Kirkman left his slot as a v.p. at **Deutsche Bank Securities** in New York two weeks ago, says a person who answered his phone. No forwarding contact information was available. Kirkman had worked for WestLB prior to joining Deutsche Bank in 2006 in its natural resources group focusing on power mergers and acquisitions (PFR, 9/06).

He is currently on gardening leave. Bankers and a spokeswoman at WestLB declined comment.

Cape Wind Financing Awaits Opposition Arguments

Financing for the offshore Cape Wind project, which received federal approval Wednesday, will likely wait until lenders can see what arguments presented by opponents in federal courts are made. The project is also waiting on a PPA.

The 130-turbine, 420 MW wind farm is expected to be built off the coast of Nantucket. **National Grid** is in PPA negotiations, but has not signed yet. "The train is leaving the station relatively soon," says one source familiar with financing on the deal. "[Project officials] want to get a better handle on the issues that [the opposition] will present first."

Barclays Capital is leading the financing which is expected to be in excess of \$2 billion. Bank officials declined to comment.

Leads Stay Mum On Calpine Pricing

Potential lenders have been trying to pry possible pricing on Calpine's \$1.3 billion term loan B to purchase 19 **Connectiv Energy** assets—with little luck. "With a loan that large, they basically need every lender to participate," says a banker. "So they're keeping pricing as close to the vest as possible."

The total package includes a \$1.3 billion amortizing term loan and a \$100 million revolver. The Houston IPP expects to pay the loan off in full through the amortized structure. Pending regulatory approval, Calpine will buy 4.5 GW of assets from the **Pepeco Holdings'** unit (PFR, 4/21).

Credit Suisse is waiting on a credit rating before it launches syndication. **Deutsche Bank** and **Citigroup** are participating. **Todd Thornton**, Calpine's v.p. of finance and treasurer, and

bankers at DB did not return calls for comment. Bankers at CS and Citi declined to comment.

Bankers See Long Wait On PPL Loan

Bankers are loathe to speculate on pricing of the \$6.5 billion bridge loan that will be used to finance PPL's \$6.7 billion acquisition of **E.ON's** Kentucky utilities. "Everyone is talking [excitedly] about this bridge loan," the New York banker says. "But I find it amusing. This [deal] could take nine to 18 months to get approval. And you can bet pricing will be different in nine to 18 months."

Bank of America Merrill Lynch is joint adviser and lead left arranger on the bridge loan. Efforts to reach officials at PPL and **BAML** were unsuccessful.

National Wind Project Financing Options Questionable

National Wind and **KRS Energy** plan to develop up to 300 MW of wind to a county south of Amarillo, Texas, but at least one New York banker is skeptical of how such a project will get financing, noting that transmitting power from northern Texas to hubs like Houston are sometimes impractical. "It's difficult getting financing if transmission is a factor," the banker says. "In west Texas, for instance, there are severe transmission issues such that you had better come up with your own transmission to get a project financed."

The **Buffalo Wind Project** would be a utility-scale, community wind project in west central Randall County that could be transmitted into ERCOT and the Southern Power Pool. **Patrick Pelstring**, co-founder of National Wind, did not return calls.

Wright Leaves IFM

Dunia Wright, head of U.S. and Europe for **Industry Funds Management** in New York, has left the firm. She has returned to Melbourne. Officials at IFM had no forwarding contact information for Wright.

Alec Montgomery, head of infrastructure North America has assumed Wright's duties. Wright had reported to the former ceo **Damian Moloney** in Melbourne before he resigned last year. Her April 9 departure follows **Brett Himbury** being installed as the new ceo.

One of the Australian-based fund's investments include a 1.7 GW generating portfolio from **Consolidated Edison Development** purchased for \$1.477 billion in 2008 (PFR, 3/27/08). The fund is looking at other power investments but officials declined to comment on specifics.

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Project Finance Deal Book

Deal Book is a matrix of energy project finance deals that PFR is tracking in the energy sector. The entries below are of new deals or deals where there has been change in their parameters or status. To report updates or provide additional information on the status of financings, please call Jeanine Prezioso at (212) 224-3226 or e-mail jprezioso@iineews.com.

Live Deals: North America

Sponsor	Project	Location	Lead(s)	Loan	Loan Amount	Tenor	Notes
Cardinal Gas Storage	Perryville (7.5 bcf Gas Storage)	Franklin County, La.	ING, WestLB	Construction/ Term loan	\$125M	Construction + 5 yrs	Deal set to close in April (PFR, 4/19/10).
El Paso	Ruby Pipeline (675-mile Natural Gas Pipeline)	Wyoming to Oregon	Credit Suisse, Calyon, BMO, Scotia, SocGen, Banco Santander, RBS	TBA	\$1.6B	7-yr	Deal expected to close in June (see story, page 3).
First Wind	Stetson (57, 25.5 MW Wind)	Danforth, Maine	BNP, HSH, Rabo, GE, Union, Commerzbank	Construction/ bridge/ working capital	\$116M	7-yr	BNP wraps loan syndication (PFR, 4/19/10).
Panda Energy	Two 15-20 MW photovoltaic projects	TBA	TBA	TBA	TBA	TBA	Con Edison Development will assist with financing (see story, page 3).
Pure Energy	Bayonne Energy Center	Bayonne, N.J.	Calyon, WestLB	Mini-Perm	\$300-400M	TBA	Deal will launch in May (PFR, 4/19/10).
Quintana Capital Group, Chase Power Development	Las Brisas Energy Center (1,320 MW petroleum coke-fired)	Texas	TBA	TBA	TBA	TBA	Looking for more than \$1 billion to finance the \$3.2B project (PFR, 4/21).
Starwood Energy Group	Sault Ste. Marie (40 MW solar)	Sault Ste. Marie, Ontario	NordLB	TBA	TBA	TBA	Starwood is hunting debt to develop 40 MW of photovoltaic projects in Ontario (PFR, 4/19).
Tenaska	Trailblazer Energy Center (600 MW coal-fired)	Nolan County, Texas	TBA	TBA	TBA	TBA	Tenaska will seek financing after there is more clarity on climate change legislation (PFR, 4/20).
Vulcan Power	Patua (60 MW Phase I Geo)	Reno, Nev.	TBA	TBA	\$200M	TBA	Landed a 21-year PPA and hopes to raise \$100 million in equity (see story, page 4).

For a complete listing of the Project Finance Deal Book, please go to iipower.com.

News In Brief

News In Brief is a summary of publicly reported power news stories. The information has been obtained from sources believed to be reliable, but PFR does not guarantee its completeness or accuracy.

Americas

- A U.S. Senate bill that would restrict greenhouse gas emissions has been delayed—possibly until next year—while Democratic leaders focus on an immigration bill. Australia's center-left government has also shelved a climate bill ahead of an impending election, potentially delaying emission trading plans by more than three years (*The Financial Times*, 4/27).
- Solar is gaining popularity in Midwest communities. **Kansas City Power & Light** expects to have its first solar installation up next year (*The Kansas City Star*, 4/29).
- Solar and wind may be the generation du jour, but fossil fuels—including natural gas and coal—will be relied on for decades to meet surging global demand for power. Producing electricity with coal costs 6-cents per kilowatt, compared to 32-cents per kilowatt for solar (*The Houston Chronicle*, 4/29).
- Commissioner **Paul Newman** of the **Arizona Corporation Commission** is seeking a public process to require utility companies to get 15% of their power from renewable sources by 2025. Newman hopes to apply \$25 million in over-collections of

fuel surcharges to the **Arizona Public Service Co.** toward solar projects (*Phoenix Business Journal*, 4/26).

- A 2005 promise by Los Angeles Mayor **Antonio Villaraigosa** to secure at least 20% of the city's electricity by Dec. 31 might not be met, thanks to his dispute over rates with the **Department of Water and Power**. Los Angeles' renewable energy portfolio could drop to 12% within four years (*The Los Angeles Times*, 4/26).

Europe/Africa

- Danish wind turbine maker **Vestas Wind Systems** will make and maintain turbines in Europe, North America and South America for **Energias de Portugal**, a \$2.9 billion order. Vestas will supply EDP with 1,500 MW in 2011 and 2012, and possibly 600 additional MW in 2010 and 2011 (*Bloomberg*, 4/26).
- Portugese utility **Energias de Portugal** will cut 500 MW in planned generation capacity in the U.S., citing a sharp drop in consumption and delays to federal energy legislation (*Dow Jones Newswires*, 4/26).

ENEL PUTS

(continued from page 1)

projects in Oklahoma and Illinois. Two farms near Salina, Kan.—100.8 MW Smoky Hills I and 148.5 MW Smoky Hills II—are online. The power from the farms is sold to a consortium of offtakers including **Sunflower Electric Power**, **Midwest Energy**, **City Utilities of Springfield** and **Independence Power & Light**.

Calls to **Michael Storch**, executive v.p. of strategy and development at Enel NA in Andover, Mass., and **Rob Freeman**, president of TradeWind in Lenexa, Kan., were not returned before press time. A Morgan Stanley official declined to comment.

—Holly Fletcher

ARCLIGHT RE-IGNITES

(continued from page 1)

of power and utilities, and **Heather Kusmierz**, director of mergers & acquisitions, are handling the deal.

A call to **Matthew LeBlanc**, principal at ArcLight, was directed to **Ross Murphy**, v.p. of investor relations in Boston, and not returned before press time. Calls to **Tom Taylor**, president of IGS in Tulsa, Okla., and UBS officials were not returned.

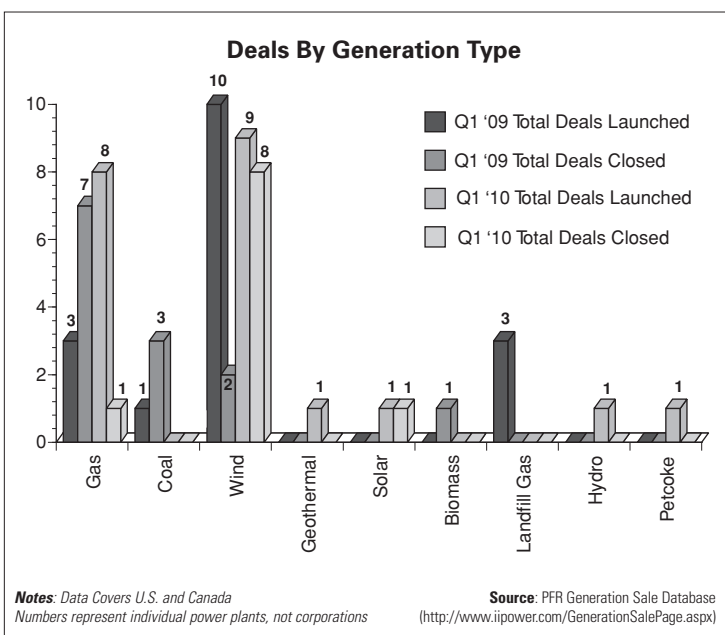
—H.F.

SALES LAUNCHES

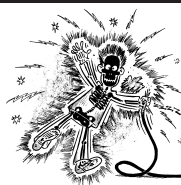
(continued from page 1)

little merchant exposure, says a director of an infrastructure fund who is targeting safer assets than usual.

Wind deals remain strong in launching and closing; gas appears to have slipped in terms of wrapping (see chart).



Alternating Current



Life Or Death In Banking

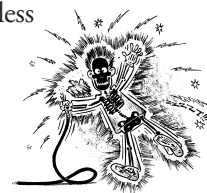
Financiers from American investment houses are increasingly targets for attacks of all sorts—especially while visiting emerging markets in Asia, Africa and South America, says **Tim Larkin**, a Las Vegas-based safety consultant who conducts seminars on self-defense against ‘extreme’ violence worldwide for bankers and entrepreneurs. Not coincidentally, this trend dovetails with the rise of overseas projects.

While this sort of need, say an eye-gouging, may not apply to your counterpart who got a spot in the club deal that you wanted, power traders, as one example tend to relate to Larkin’s mantra of “kill or be killed.”

“This physical training mimics the trading world,” says Larkin, 45. “In trading, if you hesitate, the opportunity is gone. Same with life or death.”

One plump banker – and a nice guy, no less – who survived Larkin’s seminar applied his education overseas: Two attackers holding weapons jumped him, prompting the banker to instinctively knock one out, scaring off the other. “It’s not about being bigger, faster or stronger,” Larkin says. “It’s about being smarter.”

And one step ahead. Just like on The Street.



Calendar

- **GreenPower Conferences** will host Carbon Markets USA June 8-9 in Washington, D.C. To register, visit www.greenpowerconferences.co.uk or call 011.44.207.099.0600.

Quote Of The Week

“We liken it to drafting Ndamukong Suh—he’s big and fast and that’s how we see Con Ed.”—**Bill Pentak**, director of corporate communications and investor relations at **Panda Solar Ventures** in Dallas, on **Consolidated Edison Development** assisting Panda to finance two 15-20 MW photovoltaic projects (see story, page 3).

One Year Ago In Power Finance & Risk

At least four banks were in the running to finance **Sithe Global’s** 820 MW combined cycle Southdown Station in Mississauga, Ontario. [Sithe plans to continue with construction of the plant despite the project not being selected by the **Ontario Power Authority’s** call for a combined cycle plant (PFR, 2/25).]